

# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 19, 2004

# S. 2393 Aviation Security Advancement Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on September 22, 2004

#### **SUMMARY**

- S. 2393 would authorize funding over the 2005-2009 period for new and existing aviation security programs administered by the Transportation Security Administration (TSA) and the Federal Aviation Administration (FAA). CBO estimates that implementing S. 2393 would cost \$2.3 billion over the next five years, assuming appropriation of the amounts specified and estimated to be necessary. Enacting the bill would not affect direct spending or revenues.
- S. 2393 would authorize the appropriation of more than \$1.8 billion for TSA to improve airport and cargo security through grants, demonstration projects, and research and development funding. In addition, the bill would direct TSA to screen passenger lists of charter and rental aircraft, increase inspections of air cargo, purchase and install security cameras in certain baggage handling areas of airports, and set standards for appropriate staffing levels for airport security. CBO estimates that those additional requirements would cost almost \$350 million over the 2005-2009 period. Finally, the bill would authorize the appropriation of \$50 million for the FAA to develop a system for issuing pilot's licenses that are tamper proof and secure and \$83 million for the deployment of additional federal air marshals.
- S. 2393 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.
- S. 2393 would impose private-sector mandates as defined in UMRA on U.S. and foreign air carriers, all-cargo aircraft operators and their flight crews, and airline passengers. CBO expects that the aggregate direct costs to comply with those mandates would not exceed the annual threshold established by UMRA for private-sector mandates (\$120 million in 2004, adjusted annually for inflation).

# ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2393 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPEND	OING SUBJEC	T TO APPRO	PRIATION		
Improvements to Airport and Cargo Security					
Authorization Level	921	450	450	0	0
Estimated Outlays	644	659	450	68	0
Passenger and Cargo Screening					
Estimated Authorization Level	215	33	34	35	36
Estimated Outlays	150	93	34	35	36
Pilot License System					
Authorization Level	50	0	0	0	0
Estimated Outlays	40	10	0	0	0
Standards for Security Staffing Levels					
Estimated Authorization Level	4	0	0	0	0
Estimated Outlays	2	2	0	0	0
Air Marshal Deployment					
Authorization Level	20	31	32	0	0
Estimated Outlays	15	28	31	6	3
Total Changes					
Estimated Authorization Level	1,210	514	516	35	36
Estimated Outlays	851	792	515	109	39

### **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 2393 will be enacted early in fiscal year 2005 and that necessary funds will be provided near the start of each fiscal year. Estimates of outlays are based on historical spending patterns for affected programs.

# **Improvements to Airport and Cargo Security**

S. 2393 would authorize the appropriation of \$1.8 billion over the 2005-2007 period for TSA to make physical and technological improvements in airport and cargo security. Of that amount, section 6 would authorize the appropriation of over \$1.3 billion for demonstration projects, grants to research and develop next-generation technology for screening and tracking passengers and baggage, and security improvement projects authorized by the Vision 100-Century of Aviation Reauthorization Act. The bill also would authorize the appropriation of \$350 million to develop explosive, chemical, and radiological detection systems, \$100 million to protect the perimeter of airports, and \$21 million to research and develop biometric technology to verify the identity of airport and air carrier staff.

# **Passenger and Cargo Screening**

CBO estimates that implementing passenger and cargo screening provisions of S. 2393 would cost nearly \$350 million over the next five years.

Section 19 would authorize TSA to help airports to install security cameras in baggage handling areas that are not open to public view. Based on information from TSA, CBO estimates that installing the cameras in 450 airports would cost almost \$180 million.

Sections 3 and 4 would require TSA to review the passenger lists of all charter and rental aircraft when requested by the aircraft owner or operator. The agency would compare information about the passengers and crew of specific flights with information from a database containing known or suspected terrorists and their associates. Under the bill, TSA could ground a flight if it is determined to be a security risk. The number of passengers on charter and rental aircraft is unknown. Further, CBO expects that many operators of charter or rental aircraft, particularly operators who do not require advance reservations (e.g., sightseeing tours) or operators who serve frequent customers (e.g., sports teams) would not request TSA screening because of potential delays. For this estimate, CBO assumes that TSA would screen around 10 million passenger records per year for operators of charter and rental aircraft. Based on information from TSA, we estimate that the additional passenger screening would cost about \$12 million in 2005 and nearly \$90 million over the 2005-2009 period.

Within one year of the bill's enactment, section 7 would require TSA to at least double the volume of cargo that is currently screened or inspected for passenger aircraft. Air carrier operators screen cargo on passenger flights, subject to TSA requirements. The agency provides regulatory oversight of the air carriers' work through its dedicated cargo inspectors. In addition, the bill would instruct TSA to require evaluations and background checks of employees that ship, forward, and handle cargo. Based on information from TSA, CBO estimates that the agency would need 100 additional inspectors to monitor cargo screening

at a cost of \$14 million in 2005 and about \$80 million over the next five years.

#### **Other Provisions**

Several additional provisions of S. 2393 would add over \$137 million to the bill's cost over the 2005-2009 period.

- Section 2 would authorize the appropriation of \$50 million for the FAA to create a system to issue pilot's licenses that are secure and include unique biometric or other information. The funds would likely be spent over the next two years.
- Section 5 would require TSA to set standards for determining the appropriate level of security staffing at commercial airports and to study the possibility of combining the screening and security-related functions of federal employees stationed at airports. Based on information from TSA, CBO estimates that this work would cost about \$4 million over the next two years.
- Section 9 would authorize the appropriation of \$83 million for the deployment of additional federal air marshals over the next three years.
- S. 2393 would require the preparation of several studies and reports, including an analysis of TSA's standards for security staffing levels by the Government Accountability Office (GAO), a report by the Department of Homeland Security (DHS) on its implementation of GAO recommendations on information sharing, and a report on protecting commercial aircraft from the threat of Man-Portable Air Defense Systems (MANPADS). Investigation of those issues by TSA, GAO, and DHS is already under way, and CBO expects that the cost of the new reporting requirements under S. 2393 would be negligible.

#### ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2393 contains no intergovernmental mandates as defined in the UMRA and would impose no costs on state, local, or tribal governments.

#### ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 2393 would impose private-sector mandates as defined in UMRA on U.S. and foreign air carriers, all-cargo aircraft operators and their flight crews, and airline passengers. CBO

expects that the aggregate direct costs to comply with those mandates would not exceed the annual threshold established by UMRA for private-sector mandates (\$120 million in 2004, adjusted annually for inflation).

#### **Bereavement Fares**

All air carriers would be required to offer bereavement fares to the public for air transportation in connection with the death of a relative at the lowest fare offered by the air carrier for the flight for which the bereavement fare is requested. According to industry and government representatives, bereavement fares are currently offered voluntarily by many of the major air carriers at fares determined by the air carrier. Air carriers would manage the bereavement fare requirement in the most cost-effective way possible. The bill would allow air carriers some flexibility in determining who would qualify for the fare, the appropriate documentation, and the lowest feasible fare. The direct cost to comply with the mandate would vary depending on the rules and regulations to be developed after enactment.

# **Passenger Air Carrier Security**

The bill would require U.S. and foreign air carriers to at least double the volume of property that is screened or inspected within one year of enactment. The bill defines property as mail, cargo, and other articles carried aboard a passenger aircraft. Based on information from TSA and industry representatives, CBO expects the direct cost for air carriers to comply with the mandate could be substantial but not large enough to make the aggregate costs of the mandates in the bill exceed the annual threshold.

The bill also would prohibit passengers from carrying butane lighters onboard passenger aircraft. CBO expects that the direct cost to comply with the mandate would be minimal, if any.

# **All-Cargo Aircraft Security**

All-cargo aircraft operators would be required to:

- Maintain a barrier between the aircraft flight deck and the cargo compartment,
- Physically screen each person and their bags to be transported on an all-cargo aircraft,
- Physically search each aircraft prior to the first flight of the day for the aircraft, and
- Secure any aircraft that is unattended overnight.

In addition, the bill would prohibit the possession of a key to a flight deck door by any member of a flight crew who is not assigned to the flight deck. Based on information on current industry practices from TSA and industry representatives, CBO expects that the costs to comply with those mandates would be small.

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